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## India

### Agricultural Situation

#### Weekly Highlights and Hot Bites, #25

2004

**Approved by:**

Michael Riedel

U.S. Embassy, New Delhi

**Prepared by:**

Santosh Kr. Singh, V. Shunmugam

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**Report Highlights:**

\*Deals struck to import 700,000 tons of raw sugar\*, \*Monsoon: So far, so good\*, \*India, US sign pact on agricultural biotech R&D\*, \*Bangalore Bio 2004, from July 11-13\*, \*Supachai backs Indian farmer\*, \*Contract farming gathers momentum\*, \*Fruit juice category to grow at 40 percent\*, \*Indian beer keeps pace with 2 percent global growth\*.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
New Delhi [IN1]  
[IN]

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U.S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included in this report. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

### **DEALS STRUCK TO IMPORT 700,000 TONS OF RAW SUGAR**

Trade sources report that contracts have been signed for imports of at least 700,000 tons of raw sugar. Of this, about 150,000 tons have already arrived. This is reportedly part of the new government's plan to import 2.0 to 2.5 million tons of raw sugar, to be used for processing and reexport. Raw sugar is being imported, as sugar production in the country has been adversely affected in 2003/04 due to drought in the cane growing areas of Maharashtra and Karnataka. The mills, particularly in Maharashtra, are looking to import raw sugar to utilize their capacity.

*Post Comment:* Post's Sugar Annual 2004 (GAIN # IN4034, April 2004) projected that India will emerge as net importer in 2004/05, with imports estimated at 1.0 million tons. (Source: Business Line, 6/29/04)

### **MONSOON: SO FAR, SO GOOD**

The Indian monsoon, which hit the mainland much before its normal date of June 1, is progressing well so far. Current reports indicate that there is stagnation in its spells in southern India; the past week it has become stationary in the northwest, including not having reached Delhi as of July 2. Meteorologists are confident, however, that the country will have normal monsoon. Crop planting reports received from the states are optimistic that the early outbreak of the monsoon and its stable progress will lead to a gain in acreage this year for most crops. (Source: Business Standard, 6/25/2004)

### **INDIA, US SIGN PACT ON AGRICULTURAL BIOTECH R&D**

India and the United States have entered into an agreement to boost cooperation in agricultural biotechnology research and development. Union Minister for Science and Technology Kapil Sibal and US ambassador David C. Mulford signed a letter of intent to this effect on June 29, 2004. The main objective of the agreement is to develop biotech varieties to mitigate biotic and abiotic stresses, with a major focus on rice and wheat. The coordinating agencies under the agreement are the Department of Biotechnology of the Government of India and the United States Agency for International Development. The program is designed to encourage partnerships between Indian and US institutions to pursue agricultural biotechnology research projects of mutual interest, including technology development, technology diffusion, and biosafety related policy activities. (Source: Financial Express, 6/30/04)

### **BANGALORE BIO 2004, FROM JULY 11-13**

Bangalore Bio 2004, an exhibition and conference promoted by the state government of Karnataka, will take place from July 11-13, 2004. This annual event, to be inaugurated by the Union Minister for Science and Technology and Ocean Development, would focus on crop biotechnology. (Source: Financial Express, 6/27/04)

*Post Comment:* After its success in promoting the Information Technology sector, the state government of Karnataka started hosting this event a few years ago to promote biotechnology. The government recently announced state of the art Biotechnology Park in Bangalore to attract its share of investment in the biotech sector.

### **SUPACHAI BACKS INDIAN FARMER**

The Director General of World Trade Organization, Mr. Supachai Panitchpakdi, recently visited India, and mentioned that developed country members must recognize the sensitivities of developing countries such as India in agriculture, if the on-going WTO negotiations are to move forward. (Source: Financial Express, 6/26/04)

### **CONTRACT FARMING GATHERS MOMENTUM**

A note prepared by the Confederation of Indian Industries (CII) to the Ministry of Agriculture, indicates that currently about 40,000 to 100,000 acres are under contract farming of crops, including durum wheat, basmati rice, potatoes, soybeans, mustard, coriander, pomegranates, and grapes. The Ministry has shown a keen interest in contract farming, as a reform initiative and to sustain an 8 percent GDP growth rate. Official sources indicate that many states are likely to make the necessary amendments soon to their respective agricultural marketing legislations to expedite the growth in contract farming. (Source: Financial Express, 6/25/04)

### **FRUIT JUICE CATEGORY TO GROW AT 40 PERCENT**

The Indian fruit juice market is expected to grow at 40 percent per year over the next five years. Health conscious consumers, uses of juices in combination with breakfast cereals, and "white drinks" (such as gin/vodka) are cited as reasons. With an eye on the latent demand, major domestic players like Parle and Godrej are planning new launches in the current year. A marketing consultant stated that ATA (availability, taste, and affordability) factors will allow enough room for all players, both domestic and foreign. (Source: Financial Express 6/23/04)

### **INDIAN BEER KEEPS PACE WITH 2 PERCENT GLOBAL GROWTH**

The Indian beer market has crossed the 82 million case mark, registering a growth of 2 percent which is in line with the growth in global beer market. According to retailers, Kingfisher is the leading overall brand. According to United Breweries (UB) officials, UB has a 40 percent market share. The Indian beer market, dominated by domestic brands, has seen the successful launch of a few international beer brands like Castle Lager (South African) and Fosters (Australian). On a sector level, 'Strong' beer (alcohol above 5% and below 8.75%) continues to grow at the expense of 'Regular' beer. Despite the 2 percent growth this year, India's per capita consumption is very low at 0.6 liters per annum. (Source: Economic Times 6/26/04)

### **RECENT REPORTS SUBMITTED BY FAS/NEW DELHI**

REPORT #	SUBJECT	DATE SUBMITTED
IN4062	Weekly Highlights & Hot Bites, #24	06/25/04
IN4063	Oilseeds & Products – Trade Data - June	06/30/04

IN4064	Oilseeds & Products – July Update	07/01/04
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